

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 93-550-C - ORDER NO. 94-134 *1C*
FEBRUARY 24, 1994

IN RE: Application of Eastern Telecom, Inc. DBA)	ORDER
InterQuest for a Certificate of Public)	APPROVING
Convenience and Necessity to Operate as)	CERTIFICATE
a Reseller of Telecommunications Services)	
within the State of South Carolina.)	

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Eastern Telecom, Inc. DBA InterQuest (InterQuest or the Company) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications services in the State of South Carolina. InterQuest's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Law. Co-op. 1976), as amended, and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed InterQuest to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of InterQuest's Application and of the manner and time in which to file the appropriate pleadings for participation in these proceedings. InterQuest complied with this instruction and provided the

Commission with proof of publication of the Notice of Filing. Petitions to Intervene were filed by Southern Bell Telephone and Telegraph Company (Southern Bell) and the Consumer Advocate for the State of South Carolina (the Consumer Advocate). Southern Bell's subsequent Motion to Withdraw from this proceeding was granted by the Commission in Order No. 94-38, dated January 12, 1994. The Consumer Advocate has now filed a letter stating it no longer desires to participate at a hearing in this matter.

Douglas A. Shumate, Vice President of InterQuest, submitted sworn testimony on behalf of InterQuest. Mr. Shumate explained InterQuest's request for authority to provide intrastate interexchange telecommunications services in South Carolina. Mr. Shumate stated that InterQuest is a non-facilities based reseller which will utilize high quality transmission facilities leased from other authorized telecommunications carriers. Mr. Shumate explained that InterQuest's services are designed primarily to originate at locations where callers require operator assistance or alternative billing arrangements. Mr. Shumate testified that InterQuest proposed to offer a Prepaid Calling Card Service as well as Inmate Calling Service. He further explained that InterQuest does not intend to and will not offer any 900 services.

Mr. Shumate testified that InterQuest's services will enhance competition for telecommunications services in South Carolina. He testified that increased competition will result in benefits such as higher quality services, increased consumer choice in billing options, and development of an expanded telecommunications

industry in South Carolina.

After full consideration of the applicable law, the Application, and the testimony submitted by InterQuest, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. InterQuest is incorporated under the laws of the State of Georgia and is licensed to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. InterQuest operates as a non-facilities based reseller of interexchange services and wishes to do so in South Carolina.

3. InterQuest has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to InterQuest to provide intrastate service through the resale of Wide Area Telecommunications Services (WATS), Message Telecommunications Services (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for InterQuest for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate

levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984). The Commission adopts InterQuest's proposed maximum rate tariff.

3. InterQuest shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. InterQuest shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of InterQuest's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Law Co-op. 1976), as amended.

4. The Commission concludes that the Consumer Advocate's letter stating its intention not to participate in a hearing in this matter is tantamount to a request to withdraw intervention. The Commission further concludes that the Consumer Advocate's request to withdraw from these proceedings should be granted.

5. InterQuest shall file its tariff and an accompanying

price list within thirty (30) days of the date of this Order. Further, the tariff shall be filed in a loose-leaf binder.

6. InterQuest is subject to access charges pursuant to Commission Order 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

7. With regard to InterQuest's resale of service, an end user should be able to access another interexchange carrier or operator service provider, if they so desire.

8. InterQuest shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If InterQuest changes underlying carriers, it shall notify the Commission in writing.

9. InterQuest shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

10. InterQuest shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

11. With regard to the provision of Debit/Prepaid Calling Card Service, InterQuest is required to post a bond with the Commission prior to offering this service. The bond may be in form of Certificates of Deposits drawn in the amount of Five Thousand (\$5000.00) issued in the name of the Public Service Commission. The Certificates of Deposit shall be drawn on federal

or state chartered banks or savings and loan associations which maintain an office in this State and whose accounts are insured by either the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. After a twelve months period from the effective date of the service, the Commission will review the Company's financial reports and reassess the requirement of InterQuest maintaining a bond.

12. With regard to the provision of Inmate Calling Service, InterQuest, for local and intraLATA calling, shall not charge rates any greater than the rates charged by the Local Exchange Company at the time a call is placed. For interLATA calling, InterQuest shall charge rates no greater than AT&T's charges and operator station usage rates at the time the call is placed. Additionally, automated collect calls shall only be completed with the affirmative acceptance by the called party. Also, the Company shall not impose any subscriber surcharges on calls originated from inmate facilities.

13. For inmate calling service, call detail information submitted to the Local Exchange Company for billing purposes must include the COCOT access line telephone number as assigned to the line by the local exchange company. Further, should InterQuest provide the pay telephone equipment in confinement facilities, the Company shall obtain certifications to provide private telephone services and shall request waiver of specific guidelines as required for the provision of inmate calling services.

14. With respect to the provision of operator services to

hospitality locations and private pay telephones, InterQuest shall not charge rates any greater than AT&T's intrastate interLATA rates at the time the call is completed.

15. InterQuest is required to provide "tent" cards to hotels and motels for placement of guest telephones and stickers to customer-owned pay telephones identifying InterQuest as the provider of operator services for intrastate interLATA calls. InterQuest is required to brand all operator calls identifying itself as the carrier of such calls. The information pieces shall be consistent with the format approved by the Commission in Order No. 93-811 issued in Docket No. 92-557-C.


16. InterQuest shall be allowed to incorporate in its tariff a subscriber surcharge to be applied to operator-assisted and calling card calls originating from hotels, motels, and pay telephones only if the property owner or pay telephone provider has not already added any other surcharge. That is, the Company may not impose an additional surcharge to calls originating from hotels, motels, or pay telephones if such surcharge is already imposed by the property owner. The amount of such subscriber surcharge shall not exceed \$1.00. Further, if the surcharge is applied for property, the end user shall be notified of the application of the surcharge. This notification shall be included in the information pieces as previously required by this Order.

17. For the provision of operator services, InterQuest shall comply with the Operator Service Provider (OSP) Guidelines approved in this Commission's Order No. 93-534 issued under Docket

No. 93-026-C.

18. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR RESELLERS OF TELECOMMUNICATION SERVICE

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS
ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING
_____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL
AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).